

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of)
Review of the Section 251 Unbundling)
Obligations of Incumbent Local Exchange) CC Docket No. 01-338
Carriers)
Implementation of the Local Competition)
Provisions of the Telecommunications Act of) CC Docket No. 96-98
1996)
Deployment of Wireline Services Offering) CC Docket No. 98-147
Advanced Telecommunications Capability)

REPORT AND ORDER AND ORDER ON REMAND
AND FURTHER NOTICE OF PROPOSED RULEMAKING

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By the Commission: Chairman Powell and Commissioner Abernathy approving in part,
dissenting in part and issuing separate statements; Commissioners Copps and Adelstein
approving in part, concurring in part, dissenting in part and issuing separate statements;
Commissioner Martin issuing a separate statement.

Para.

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I. INTRODUCTION

1. Seven years ago, Congress enacted the Telecommunications Act of 1996 (1996 Act) for the benefit of the American consumer.¹ This watershed legislation was partially designed to remove the decades-old system of legal monopoly in the local exchange and open that market to competition. The 1996 Act did so by establishing broad interconnection, resale and network access requirements, designed to facilitate multiple modes of entry into the market by intermodal and intramodal service providers. The 1996 Act also sought to reduce the need for regulation in the presence of competition and provide for universal service mechanisms in order to foster the deployment of advanced telecommunications capabilities to all Americans.

2. This Commission and our colleagues in state commissions around the country have devoted enormous amounts of time and resources to implement the Act's market-opening requirements, and the industry has devoted equally large amounts of time and resources to take advantage of the new business opportunities made available by the 1996 Act. Few, if any, other requirements of the 1996 Act have attracted so much regulatory attention, industry effort, or litigation, however, as the requirement under section 251(c)(3) that incumbent local exchange carriers (incumbent LECs) make elements of their networks available on an unbundled basis to new entrants at cost-based rates. Every aspect and application of this extraordinary vehicle for

¹ Telecommunications Act of 1996, Pub L No 104-104, 110 Stat 56. The 1996 Act amended the Communications Act of 1934, 47 U.S.C. § 151 *et seq.* We refer to these Acts collectively as the "Communications Act" or the "Act."

DOCUMENT AVAILABLE
IN THE LEAD
DOCKET/RULEMAKING

SEE DOCKET NO. 01-338 FOR THE DOCUMENT.